OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Statement of Financial Position as at 31 March 2024 (Unaudited)

	Note(s)	31 March 2024 Unaudited RO '000	31 December 2023 Audited RO '000
ASSETS			
Current assets			
Cash and bank balances	3	**298,054**	428,635
Bank balances held in customers account		**18,017**	15,975
Trade receivables and other current assets		**1,353,359**	1,276,006
Contract assets		**129,254**	125,754
Inventories		**111,311**	81,006
Investment securities at fair value through profit or loss		**53,238**	49,040
		1,963,233	1,976,416
Assets of disposal group classified as held for sale	4	**6,318**	6,254
Total Current assets		**1,969,551**	1,982,670
Non-current assets			
Contract assets		**72,037**	70,037
Investment securities at fair value through profit or loss		**25,641**	25,357
Investment securities at FVOCI		**15,818**	14,412
Investment securities at amortised cost		**1,000**	1,000
Investments in associates and joint venture	5	**241,741**	239,848
Other non-current assets		**75,730**	75,454
Deferred tax asset		**29,520**	28,428
Right of use of assets		**268,437**	257,787
Property and equipment	6	**1,784,613**	1,828,373
Intangible assets and goodwill	7	**3,229,260**	3,232,476
Total Non-current assets		**5,743,797**	5,773,172
Total Assets		**7,713,348**	7,755,842
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		**1,585,173**	1,566,444
Contract liabilities		**132,511**	120,235
Income tax payables	8	**31,707**	32,182
Borrowings	9	**281,085**	487,100
Lease liabilities		**38,752**	45,653
		2,069,228	2,251,614
Liabilities of disposal group classified as held for sale		**1,132**	1,244
Total Current liabilities		**2,070,360**	2,252,858
Non-current liabilities			
Borrowings	9	**2,041,443**	1,880,046
Lease liabilities		**321,811**	309,574
Other non-current liabilities	10	**379,887**	406,216
Total Non-current liabilities		**2,743,141**	2,595,836
Total liabilities		**4,813,501**	4,848,694
Equity			
Share capital	11	**75,000**	75,000
Legal reserve		**25,000**	25,000
Voluntary reserve		**49,875**	49,875
Capital contribution		**7,288**	7,288
Capital reserve		**36,893**	36,893
Foreign currency translation reserve		**(107,592)**	(103,843)
Investment fair valuation reserve		**(4,913)**	(4,932)
Other reserves		**836**	822
Retained earnings		**531,823**	560,200
Attributable to the Company's shareholders		**614,210**	646,303
Non controlling interest		**2,285,637**	2,260,845
Total equity		**2,899,847**	2,907,148
Total Liabilities and Equity		**7,713,348**	7,755,842

The accompanying notes are an integral part of this condensed consolidated interim financial information. This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 15 May 2024.

OFFICE OF THE CHAIRMAN
Omantel
CR 1640747
OMAN TELECOMMUNICATIONS COMPANY (S.A.O.G)

Chairman **Director** **Chief Executive Officer**

Condensed Consolidated Statement of Profit or Loss – 31 March 2024 (Unaudited)

	Note	Three months ended 31 March	
		2024	**2023 (Restated)**
		RO'000	RO'000
Revenue		**728,084**	733,879
Cost of sales		**(256,902)**	(261,431)
Gross profit		**471,182**	472,448
Operating and administrative expenses		**(233,647)**	(211,771)
Depreciation and amortization		**(139,972)**	(132,167)
Expected credit loss on financial assets (ECL)		**(10,702)**	(12,360)
Interest income		**4,102**	5,830
Investment income	12	**4,140**	1,480
Gain on sale and leaseback transaction	20	**-**	81,664
Share of results of associates and joint venture		**413**	336
Other (expense)/ income		**(4,057)**	(16,314)
Finance costs		**(50,275)**	(47,598)
Gain/ (loss) from currency revaluation		**5,744**	(921)
Profit before income taxes		**46,928**	140,627
Income tax expenses		**(6,361)**	(7,442)
Profit for the period		**40,567**	133,185
Attributable to:			
Shareholders of the Company		**12,873**	25,280
Non-controlling interests		**27,694**	107,905
		40,567	133,185
Earnings per share			
Basic and diluted - RO	13	**0.017**	0.034

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income – 31 March 2024 (Unaudited)

	Three months ended 31 March	
	2024	**2023**
	RO'000	**RO'000**
		(Restated)
Profit for the period	**40,567**	133,185
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(6,081)**	(8,116)
Other reserves	**153**	397
	(5,928)	(7,719)
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity investments at FVOCI	**86**	312
	86	312
Total comprehensive income for the period	**34,725**	125,778
Total comprehensive income attributable to:		
Shareholders of the Company	**9,157**	19,865
Non-controlling interests	**25,568**	105,913
	34,725	125,778

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity – Three months ended 31 March 2024 (Unaudited)

		Attributable to equity holders of the parent											
	Note	Share capital RO'000	Legal reserve RO'000	Voluntary reserve RO'000	Capital contribution RO'000	Capital reserve RO'000	Foreign currency translation reserve RO '000	Fair value reserve RO'000	Other reserves RO'000	Retained earnings RO'000	Total RO'000	Non-controlling interests RO'000	Total RO'000
At 1 January 2024		**75,000**	**25,000**	**49,875**	**7,288**	**36,893**	**(103,843)**	**(4,932)**	**822**	**560,200**	**646,303**	**2,260,845**	**2,907,148**
Profit for the period		-	-	-	-	-	-	-	-	**12,873**	**12,873**	**27,694**	**40,567**
Other comprehensive income for the period		-	-	-	-	-	**(3,749)**	**19**	**14**	-	**(3,716)**	**(2,126)**	**(5,842)**
Total comprehensive income for the period		-	-	-	-	-	**(3,749)**	**19**	**14**	**12,873**	**9,157**	**25,568**	**34,725**
On acquisition of subsidiary (note 2)		-	-	-	-	-		-	-	-	-	**387**	**387**
Dividends	11	-	-	-	-	-	-	-	-	**(41,250)**	**(41,250)**	**(1,163)**	**(42,413)**
At 31 March 2024		**75,000**	**25,000**	**49,875**	**7,288**	**36,893**	**(107,592)**	**(4,913)**	**836**	**531,823**	**614,210**	**2,285,637**	**2,899,847**
At 1 January 2023		75,000	25,000	49,875	7,288	36,893	(90,719)	(3,653)	5,204	530,408	635,296	2,251,640	2,886,936
Profit for the period (Restated)		-	-	-	-	-	-	-	-	25,280	25,280	107,905	133,185
Other comprehensive income for the period		-	-	-	-	-	(1,704)	68	(3,779)	-	(5,415)	(1,992)	(7,407)
Total comprehensive income for the period		-	-	-	-	-	(1,704)	68	(3,779)	25,280	19,865	105,913	125,778
Dividends	11	-	-	-	-	-	-	-	-	(41,250)	(41,250)	(2,142)	(43,392)
At 31 March 2023		75,000	25,000	49,875	7,288	36,893	(92,423)	(3,585)	1,425	514,438	613,911	2,355,411	2,969,322

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows – Three months ended 31 March 2024 (Unaudited)

	Three months ended 31 March	
	2024	**2023**
		RO'000
		Restated
Cash flows from operating activities		
Profit before tax for the period	**46,928**	140,627
Adjustments for:		
Depreciation and amortization	**139,972**	132,167
ECL on financial assets	**10,702**	12,360
Interest income	**(4,102)**	(5,830)
Investment income	**(4,140)**	(1,480)
Share of results of associates and joint venture	**(413)**	(336)
Finance costs	**50,275**	47,598
Gain on sale and lease back transaction	**-**	(81,664)
(Gain)/ loss from currency revaluation	**(5,745)**	921
(Gain)/ loss on sale of property and equipment	**(7)**	-
Operating profit before working capital changes	**233,470**	244,363
Bank balances held in customers account	**720**	(41)
Trade and other receivables and contract assets	**(74,344)**	(43,624)
Inventories	**(28,191)**	(20,197)
Trade and other payables	**6,494**	(42,330)
Cash generated from operations	**138,149**	138,171
Income tax paid	**(1,989)**	(1,393)
Net cash from operating activities	**136,160**	136,778
Cash flows from investing activities		
Deposits maturing after three months and cash at bank under lien	**(7,552)**	(108,557)
Investment in securities (net)	**(921)**	532
Investment in associate	**-**	(1,513)
Acquisition of subsidiaries (net of cash acquired)	**(3,863)**	(12,416)
Acquisition of property and equipment (net)	**(105,221)**	(81,811)
Acquisition of intangible assets (net)	**(12,647)**	(33,470)
Proceeds from sale of telecom assets (sale and lease back)	**-**	244,990
Dividend received	**9**	571
Interest received	**1,806**	3,061
Net cash (used in) /generated from investing activities	**(128,389)**	11,387
Cash flows from financing activities		
Proceeds from borrowings	**206,018**	46,594
Repayment of borrowings	**(284,781)**	(217,569)
Repayment of lease liabilities and financing for impact of above market terms	**(19,911)**	(25,772)
Dividends paid to minority shareholders of subsidiaries	**(626)**	(469)
Finance costs paid	**(31,849)**	(20,094)
Net cash used in financing activities	**(131,149)**	(217,310)
Net decrease in cash and cash equivalents	**(123,378)**	(69,145)
Effect of exchange rate change on cash and cash equivalents	**(14,767)**	3,013
Cash and cash equivalents at beginning of period	**427,285**	417,695
Cash and cash equivalents at end of period (note 3)	**289,140**	351,563

The accompanying notes are an integral part of this condensed consolidated interim financial information.

1. Incorporation and activities

Oman Telecommunications Company SAOG (the "Parent Company" or the "Company") is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman. The Company's principal place of business is located at Madinat al Irfan, Muscat, Sultanate of Oman. The Company's shares are listed on Muscat Stock Exchange.

The principal activities of the Company are establishment, operation, maintenance and development of telecommunication services in the Sultanate of Oman. The Company and its subsidiaries ("the Group") along with its associates provides telecommunications services in Sultanate of Oman and 8 other countries.

2. Basis of preparation

These condensed interim consolidated financial statements for three months ended 31 March 2024 have been prepared in with IAS 34: Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed interim consolidated financial statements are presented in Rial Omani (RO) which is also the Parent Company's functional currency. The functional currency of all the subsidiaries are consistent with annual financial statements except for Atheer where the functional currency was changed from US Dollar to Iraqi Dinar with effect from 1 January 2024 (Refer note 35 to the last annual financial statements).

The Group has prepared the condensed interim consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies till 31 December 2023. Based on the IMF World Economic Outlook (WEO) report issued in October 2023, South Sudan is no longer a hyperinflationary economy from 1 January 2024.

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three-year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, the Group believes that there is no definitive basis to apply IAS 29 at this stage. However, the Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in previous years and as of 31 March 2024.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2024, including the impact of the matter stated above regarding application of IAS 29. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended 31 December 2023.

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group as follows;

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Group’s condensed interim consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

These amendments had no impact on the Group’s condensed interim consolidated financial statements.

Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Political uncertainty in Sudan

A violent power struggle erupted on 15 April 2023, in Khartoum, the capital of Sudan, involving the two primary factions of the ruling military regime. This conflict has directly affected the Group's operations and its telecommunication assets, as certain areas in Sudan continue to experience high levels of hostility or temporary control by opposing forces. Given the Group's extensive presence and service provision across Sudan, these events have had an adverse impact on the country's economy and consequently, on the Group's business and operational outcomes.

As of the issuance date of these interim condensed consolidated financial statements, the Group has not incurred any significant damage to crucial assets that would hinder its ability to sustain operations.

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs, and optimizations utilizing both its current equipment and external resources. Zain Sudan currently holds agreements with suppliers of network equipment, and transportation routes for its delivery are accessible in all regions of Sudan, except for North Darfur, North Kordofan, Wad-Madani and Khartoum, which are facing the most significant impact from the ongoing hostilities.

Sudan experienced a network blackout starting from 7 February 2024 as all the three main internet operators in Sudan were either partially or completely offline and discussions to resolve this issue are in progress. Subsequently, in the first week of March 2024, Zain Sudan restored its services in Port Sudan and other neighboring states by setting up a new switch and data center in Port Sudan.

The Group has taken appropriate actions to ensure the continuity of communication services and operations. The management has prepared and reviewed the updated financial forecasts for the year, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the war. These forecasts were based on the following key assumptions:

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly.
- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;
- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;
- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;
- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

Based on these forecasts, considering possible adverse scenarios, management reasonably expects that the Group possesses adequate resources to effectively handle its operations in Sudan. Management will maintain ongoing monitoring of the potential repercussions and will proactively implement all available measures to minimize any adverse consequences.

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Group's operations may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of the Group. After evaluating the revised forecasts, management has examined Zain Sudan’s capability to operate as a going concern at the time of releasing these interim condensed consolidated financial statements. As a result, it has determined that there are no significant uncertainties that could impede the Zain Sudan's infrastructure and operations, thereby casting significant doubt on its ability to continue as a going concern. Consequently, Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

The management of Zain Sudan has concluded that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Because of the ongoing conflict in Sudan as described above, there have been some damages to network equipment, spares and inventories. Unfortunately, the current situation is not viable for the management of the Zain Sudan to access these areas and take stock of the actual damages and losses due to continuing hostilities in these regions. Based on an initial assessment of the damages mainly in the main warehouse in Khartoum, Zain Sudan has recorded an impairment loss of SDG 25.51 billion (RO 16.8 million) on its property and equipment and a provision for damage to its inventories amounting to SDG 2.31 billion (RO 1.52 million) respectively during the current year.

Due to this unrest, Zain Sudan is not able to exercise control over some of its property and equipment with a net book value of SDG 12.28 billion (RO 4.21 million) representing 1,914 network sites as of 31 March 2024 due to security concerns in certain locations in Sudan. The management of Zain Sudan does not expect any significant damage to the Zain Sudan's network sites in the Sudanese regions of North Darfur, North Kordofan, Wad-Madani and Khartoum and has concluded that the sites located in these affected areas have the ability to generate future economic benefits.

The Zain Sudan's management estimate such losses are fully covered under the Political Violence Insurance Policy and has submitted a claim of USD 47.980 million (RO 18.40 million) with the insurer mainly relating to the equipment, spares and commercial items in the main warehouse which was partially set on fire during the conflict. According to the Political Violence Insurance Policy, Zain Sudan also have a claim for Business Interruption loss over a twelve-month period. In the opinion of Zain Sudan's management, losses, if any, will be fully recovered from the insurance company and based on the current assessment per available information, no significant financial impact is anticipated on the interim condensed consolidated financial statements as the Group management consider this unrest to be temporary and expects it to be resolved on a priority basis.

Acquisition of Subsidiaries

Specialized Technical Services Company BVI

In March 2024, the Group acquired 100% equity interest of Specialized Technical Services Company BVI ("STS") for a purchase consideration of USD 27.852 million (RO 10.70 million) of which an amount of USD 16.697 million (RO 6.41 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) during the period on acquisition amounts to USD 10.067 million (RO 3.862 million). The recognized amounts of net assets of STS as at the date of acquisition was USD 12.264 million (RO 4.711 million), resulting in a goodwill of USD 15.588 million (RO 5.177 million). The provisional values assigned to the identifiable assets and liabilities as at the date of acquisition, are subject to review within one year of acquisition on finalization of the Purchase Price Allocation (PPA). STS is a company incorporated in British Virgin Islands engaged in providing digital transformation solutions in Jordan, KSA and other countries.

Xenon Electronic Payment Company W.L.L

During 2023, the Group acquired 83.39% equity interest of Xenon Electronic Payment Company W.L.L ("Bookeey") for a purchase consideration of RO 3.04 million. The provisional values of recognized amounts of net assets of Bookeey as at the date of acquisition was RO 0.842 million, resulting in a goodwill of RO 2.34 million. During the period, the Group finalized the Purchase Price Allocation ("PPA") exercise of Bookeey, and accordingly the financial statements have been adjusted to reflect the PPA adjustment to the provisional amounts. The adjustments resulted in an increase in 'License' by RO 2.33 million, increase in 'non-controlling interest' by RO 0.386 million and decrease in Goodwill by RO 1.94 million in the Group's consolidated financial statements as at the acquisition date. The cumulative impact of these PPA related adjustments was passed in Q1 2024.

Financial support to Group companies

The Group has committed to provide working capital and other financial support to certain subsidiaries including Mobile Telecommunications Company Saudi Arabia ("SMTC") and Zain Jordan (Pella) whose working capitals are in deficit. Based on business plans, the Group does not expect these conditions will have a material adverse impact on the operations of these Group companies.

3. Cash, bank and other balances

3.1 Cash and bank balances

Cash and bank balances include the following cash and cash equivalents:

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO'000
Cash on hand and at banks	**272,557**	276,999
Short-term deposits with banks	**59,184**	185,248
Government certificates of deposits held by subsidiaries	**5**	7
	331,746	462,254
Expected credit loss	**(33,692)**	(33,619)
	298,054	428,635
Cash at bank under lien	**(8,409)**	(1,343)
Short term deposits with banks exceeding maturity of three months	**(500)**	-
Government certificates of deposits with maturities exceeding three months held by subsidiaries	**(5)**	(7)
Cash and cash equivalent in the condensed consolidated statements of cash flows	**289,140**	427,285

3.2 Bank balances held in customers' account

Bank balances held in customers' Account as part of electronic payment services provided by the Group are presented separately from cash and cash equivalents in the statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents.

4. Assets and liabilities of disposal group classified as held for sale and Discontinued operations

Assets and liabilities of disposal group classified as held for sale – Oman and Kuwait

Assets and liabilities of disposal group classified as held for sale represents telecom tower assets in Oman, Kuwait, classified as held for sale, on the basis of plan to sale and lease back of those assets.

Oman

On 11 May 2021, Parent Company entered into an agreement with Helios Towers PLC for the sale and lease back of telecom towers in Oman. On 7 December2022, Parent Company after meeting the conditions precedent under the agreement, completed the sale and lease back of 2,519 telecom towers in Oman for a consideration of USD 494 Million (RO 190.263 Million) as part of Phase 1 of the transaction. Towers sold will be leased back for a period of 15 years. Phase 2 of the transaction envisages a further transfer of 227 sites which is expected to be completed within 18 months from the date of completion of the Phase 1 of the transaction.

Kuwait

Between 2020 and 2023 the Company completed the sale and lease back of 1,499 telecom towers in Kuwait.

			Total (RO'000)	
	Oman	**Kuwait**	**31 March 2024**	**31 December 2023**
	RO'000	RO'000	RO'000	RO'000
Telecom tower assets	**1,296**	**1,066**	**2,362**	2,349
Right of use of assets	**-**	**3,955**	**3,955**	3,905
	1,296	**5,021**	**6,317**	6,254
Lease liabilities	**-**	**1,132**	**1,132**	1,244

5. Investments in associates and joint venture

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO '000
Oman Fibre Optic Co SAOG	**8,211**	8,945
Majan Telecommunications LLC	**5,093**	5,419
Equinix Muscat LLC	**2,497**	2,443
Pearl REIF Fund	**15,832**	15,528
TASC Towers Holding Limited (refer note (i) below)	**98,531**	98,406
IHS Kuwait Ltd	**1,237**	1,300
Others	**1,387**	1,374
	132,788	133,415

i) TASC Towers Holding Limited

The Group determines that it does not have the control over TASC on the basis that the Group does not have majority representation in the Board under the terms agreed in the agreement between TASC shareholders.

In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C ("Ooredoo") for a merger transaction to combine both company's passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to the newly formed tower company to retain a 49.3% stake each in the newly formed tower company. The transaction (initial market closings) is in progress and is expected to be completed during the year.

ii) Investment in joint venture

This includes Group's RO 108.952 million (31 December 2023 - RO 106.433 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the year are determined by Group management using equity method based on management information provided by Wana Corporate.

6. Property and equipment

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO'000
Net fixed assets	**1,519,116**	1,509,740
Capital work in progress	**265,497**	318,633
	1,784,613	1,828,373

During the three-months period ended 31 March 2024, the Group acquired property and equipment amounting to RO 29.1 million (31 March 2023: RO 38.8 million). Depreciation charged for the period amounted to RO 79.8 million (31 March 2023: RO 78.8 million).

7. Intangible assets and goodwill

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO'000
Intangible assets	**2,199,592**	2,214,758
Goodwill	**1,017,149**	1,004,996
Capital work in progress	**12,519**	12,722
	3,229,260	3,232,476

During the three-months period ended 31 March 2024, the Group acquired intangible assets amounting to RO 3.2 million (31 March 2023: RO 14.5 million). Amortization charged for the period amounted to RO 45.7 million (31 March 2023: RO 43.41 million).

8. Income tax payables

Income tax payables mainly includes current tax payables by the Parent company's and the Group's subsidiaries in Iraq, Jordan and Sudan respectively.

Tax assessments for Parent Company (Sultanate of Oman) are finalized till tax years 2019. During the year 2023, Oman tax authority carried a reassessment for the tax year 2017 raising a demand for RO 1.8 million disallowing certain write offs with respect to an investment in an erstwhile subsidiary. During the period the Company filed an objection against the reassessment order.

For tax year 2019, Oman tax authority raised a demand for RO 2.6 million disallowing certain write offs on debtors and inventory. During the period Company filed an objection against the order. The impact of such disallowances for the remaining tax years from 2020 to 2023 is estimated to be an additional amount of RO 3.6 million. The Company believes that no additional tax liability will arise upon completion of the assessments for the remaining tax years.

Atheer - Iraq

Income tax assessment for 2011 is contested and is currently under the consideration of Iraq General Commission for Taxes (IGCT) (Note 16).

Atheer has booked the income tax expenses for the year from 2019 to date, based on self-assessment, considering most likely outcome. No assessment order has yet been received. Income tax assessment for all other years are paid and settled.

Management believes that they have adequate provisions for liabilities in respect of the assessments contested.

9. Borrowings

	31 March 2024	31 December 2023
	RO'000	RO '000
Parent Company		
Short term loan	35,000	25,000
Bridge loan	-	177,146
Other long term loans	7,773	7,684
	42,773	209,830
Oztel		
Bonds	269,559	264,988
OTEL Sukuk Limited		
Sukuk	192,550	-
Oman Data Park		
Long term loans	9,538	9,400
Mobile Telecommunications Company-Kuwait		
Short term loans	-	30,278
Long term loans	645,838	692,836
	645,838	723,114
SMTC		
Long term loans	536,385	527,319
Payable to Ministry of Finance-KSA (Murhaba facility)	264,333	261,154
	800,718	788,473
Pella		
Long term loans	99,741	98,406
Atheer		
Bank overdrafts	2,667	633
Long term loans	251,243	266,347
	253,910	266,980
Future cities SAOC		
Long term loan	4,442	4,728
Others		
Bank Overdrafts	988	1,227
Short term loans	1,402	-
Long term loans	1,069	-
	3,459	1,227
	2,322,528	2,367,146

The current and non-current amounts are as follows:

	Unaudited 31 March 2024	Audited 31 December 2023
	RO'000	RO '000
Current liabilities	281,085	487,100
Non-current liabilities	2,041,443	1,880,046
	2,322,528	2,367,146

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO '000
US Dollar	**1,057,977**	1,127,542
Kuwaiti Dinar	**513,957**	509,178
Saudi Riyals	**700,624**	690,072
Omani Rial	**49,970**	40,354
	2,322,528	2,367,146

The effective interest rate as at 31 March 2024 was 5.375% to 7.03% (31 March 2023 – 5.94% to 7.09%) per annum.

The Parent Company is compliant with the principal covenant ratios which include:

- Net borrowings to earnings before interest tax depreciation and amortization (EBITDA) at consolidated level excluding Zain group
- Interest coverage ratio

The Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortisation (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity);

Parent Company and Oztel

Short term loan

During the period the Company :

- drawn down RO 10 million (31 December 2023: RO 80 million) from a revolving credit facility

The facility carries a fixed margin over the one year cost of fixed deposit of the bank.

Bridge loan

On 19 October 2023 the Parent company acquired a bridge loan of USD 460 million to repay the 5.5 year bonds. The bridge loan carries an interest rate of 3 months Term SOFR plus a margin of 1 percent with the effective interest rate being 6.39%. The loan is unsecured.

On 24 January 2024 the Parent Company through its Special Purpose vehicle OTEL Sukuk Limited issued a 7 year Sukuk for USD 500 million due on 23 January 2032 with coupon rate of 5.375%. The proceeds were utilized to repay the bridge loan of USD 460 million. The Sukuk is listed on Irish Stock exchange. The fair value of Sukuk as at 31 March 2024 is RO 493.6 million.

Other long term loans

Export credit loan with an outstanding balance of USD 20.2 million (RO 7.8 million) (31 December 2023-USD 20.0 million (RO 7.7 million) from a consortium of banks to finance the procurement of capital equipment. The loan is unsecured. The facility carries an interest of 2.28% p.a

Bonds

The bond is denominated in US Dollars andlisted on the Irish stock exchange . It's a 10 years bond with face value of USD 688.1 million (2023: USD 688.1 million) with coupon rate of 6.63% per annum. The bonds are due for payment in year 2028. The effective interest on the bond is 7.09%. The fair value of the bond is USD 708.9 million (31 December 2023: USD 720 million)

OTEL Sukuk Limited

During the period, OTEL Sukuk limited issued USD 500 million (2023 : NIL) Sukuk for a period of 7 years with a coupon rate of 5.375% per annum. The bond is due for repayment in the year 2031.

Mobile Telecommunications Company K.S.C.P

During the period, the Company has;

- drawn down loans amounting to RO Nil from the loan facilities (31 December 2023 - RO 177.63 million)
- repaid loans amounting to RO 86.40 million (31 December 2023 – RO 28.6 million). This includes:
  - US$ 80 million (RO 30.69 million) of a revolving credit facility amounting to US$ 130 million
  - US$ 145 million (RO 55.62 million) of a term loan facility amounting to US$ 200 million

The above facilities carry a fixed margin over three month CME term Secured Overnight Financing Rate (CME term SOFR) or over Central Bank Discount rate.

SMTC

Long-term loans include:

1) SAR 5,248 million (RO 536.38 million) (31 December 2023: SAR 5,233 million equivalent to RO 527.32 million) syndicated murabaha facility availed from a consortium of banks.

   In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the Murabaha facilities that existed as of that date and to secure additional funding for future capital investment.

   The Agreement:

   a. Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 613.29 million), consisting of SAR 4.880 billion (KD 0.499 billion) and US$ portion of SAR 1.120 billion (RO 0.114 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (RO 0.355 billion) and balance for future specified business purposes.

   b. Includes a revolving working capital facility of SAR 1,000 million (RO 102.21 million) consisting of SAR 813.393 million (RO 83.14 million) and a US$ portion totaling to SAR 186.607 million (RO 19.07 million).

   The Murabaha Facility continues to be secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

   A portion of above syndicated loan has been hedged through a profit rate swap contract.

2) During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. The amounts are repayable in seven years starting from June 2021.
In February 2023, SMTC has signed a revised agreement with the Ministry of Finance ("MOF"), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent.

Zain Jordan

Long term loans include:

1) US$ 160 million (RO 61.37 million) (31 December 2023 – US$ 160 million equivalent to RO 60.55 million) term loan from a commercial bank which is repayable by 2025.

2) US$ 100 million (RO 38.36 million) (31 December 2023 – US$ 100 million equivalent to RO 37.84 million) term loan from a commercial bank which is repayable by 30 April 2027.

The loans are unsecured and guaranteed by MTC.

Atheer

Long term loans include:

1) US$ 50 million (RO 19.17 million) (31 December 2023 – US$ 50 million equivalent to RO 18.92 million) term loan from a commercial bank which is repayable by 17 December 2024.

2) US$ 105 million (RO 40.27 million) (31 December 2023 – US$ 105 million equivalent to RO 39.74 million) term loan from a commercial bank which is repayable by 30 June 2026.

3) US$ 125 million (RO 47.95 million) (31 December 2023 – US$ 125 million equivalent to RO 47.31 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2025.

4) US$ 100 million (RO 38.36 million) (31 December 2023 – US$ 100 million equivalent to RO 37.3 million) term loan from a commercial bank which is repayable by 30 July 2026.

5) US$ 50 million (RO 19.18 million) (31 December 2023 – US$ 50 million equivalent to RO 18.92 million term loan from a commercial bank which is repayable by 14 April 2024.

6) US$ 125 million (RO 47.95 million) (31 December 2023 – US$ 125 million equivalent to RO 47.31 million) term loan from a commercial bank which is repayable by 03 May 2025.

7) US$ 100 million (RO 38.36 million) (31 December 2023 – US$ 100 million equivalent to RO 37.84 million) term loan from a commercial bank which is repayable by 25 May 2024.

These facilities are guaranteed by MTC and carry a floating interest rate of a fixed margin over three month SOFR.

Future cities SAOC

Long term loans include:

RO 4.442 million term loan (31 December 2023: RO 4.727 million) from a commercial bank which is repayable by 31 July 2027 at an interest rate of 5.5% pa. The loan is secured by assignment of receivables.

10. Other non-current liabilities

	Unaudited	Audited
	31 March 2024	31 December 2023
	RO'000	RO '000
Due for acquisition of spectrum	**175,028**	193,678
Payable towards Sale and lease back financing-Parent company	**79,022**	90,930
Customer deposits	**5,362**	5,567
Post-employment benefits	**74,629**	70,386
Others	**45,846**	45,655
	379,887	406,216

11. Share capital

Share capital (par value of RO 0.100 per share)

	Unaudited	Audited
	31 March 2024	31 December 2023
	No. of shares	No. of shares
Authorised, Issued and fully paid up	**750,000,000**	750,000,000
	RO'000	RO'000
Authorised, Issued and fully paid up	**75,000**	75,000

Shareholders of the Company who own not less than 10% of the Company's shares at the reporting date are as follows:

	31 March 2024	31 December 2023
	No. of shares	No. of shares
United International Telecommunications Investment and Projects LLC	**382,500,345**	382,500,345

Legal reserve

In accordance with the Oman Commercial Companies Law of 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the respective Omani entity's paid-up share capital. This reserve is not available for distribution. As the reserve equals one third of paid up share capital, the Company has discontinued the transfer.

Voluntary reserve

In accordance with the Board of Directors' Resolution No.16T/5/2000, the Parent Company transfer 10% of its annual net profits to a distributable voluntary reserve until it becomes equal to one-half of the entity's paid up share capital. As the reserve equals at least half of paid up share capital, the Company has discontinued the transfer.

Capital contribution

The excess of the valuation of the fixed licence of the Parent company over the amounts paid to TRA in year 2004 is recognised as a non-distributable capital contribution within equity.

Capital reserve

This is a non-distributable reserve and represents the fair value in excess of the amount paid for the mobile license, which expired in February 2019.

Foreign currency translation reserve

Foreign currency translation reserve mainly represents foreign exchange translation losses arising from Zain Group, Zain Sudan and Zain South Sudan.

Dividend – 2023

The annual general meeting of shareholders for the year ended 31 December 2023 held on 30 March 2024 approved distribution of final dividends of 55 baiza per share for the year 2023 (31 December 2022 – 55 baiza).

12. Investment income

	Three months ended 31 March (Unaudited)	
	2024	2023
	RO'000	RO'000
Dividend income	**10**	204
Profit from investment securities at FVTPL	**4,130**	1,276
	4,140	1,480

13. Earnings per share

Basic and diluted earnings per share based on the weighted average number of shares outstanding during the period are as follows:

	Three months ended 31 March (Unaudited)	
	2024	2023
	RO'000	RO'000
		Restated
Profit for the period attributable to shareholders of the Company	**12,873**	25,280
	Shares	**Shares**
Weighted average number of shares in issue outstanding during the period	**750,000,000**	750,000,000
	RO	RO
Earnings per share – basic and diluted	**0.017**	0.034

14. Segmental information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Oman, the Company operates through Zain Group in 8 countries. This forms the basis of the geographical segments. Based on the disclosure criterion, the Group has identified its telecommunications operations in Oman, Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

During the period the Group revised the Segment result of Oman to include the share of profit from associates, investment income relating to its operations in Oman. Previous period figures are restated to reflect the revised presentation.

	31 March 2024 (Un audited)									
	Oman	**Kuwait**	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**Elimination**	**Total**
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**		**RO '000**
Segment revenues – airtime, data & subscriptions (Over time)	134,142	78,288	48,351	18,895	96,419	15,468	230,629	14,619	-	636,811
Segment revenues - trading income (Point in time)	18,568	37,843	2,392	478	669	4,398	28,746	26	(1,847)	91,273
Net profit before interest and tax	17,660	13,183	12,118	9,134	14,521	1,106	24,625	(3,814)	-	88,533
Interest income	408	1,249	100	580	283	84	1,242	70	-	4,016
Share of results of associate and joint venture	1,107	-	-	-	-	-	-	(497)	(197)	413
Investment income	365	-	-	-	-	-	-	-	-	365
Finance costs	(10,705)	(297)	(4,343)	(394)	(7,935)	(298)	(18,655)	(166)	-	(42,793)
Income tax expenses	(1,959)	-	(2,199)	(795)	(1,738)	-	-	(41)	-	(6,732)
	6,876	14,135	5,676	8,525	5,131	892	7,212	(4,448)	(197)	43,802
Investment income										3,775
Others (including unallocated income tax and finance costs net of elimination)										(7,010)
Profit for the year										40,567
Segment assets including allocated goodwill	1,745,758	943,030	647,415	109,011	954,439	128,788	3,106,140	420,622	(850,336)	7,204,867
ROU asset	98,597	19,394	12,396	2,082	25,385	18,043	89,911	2,629	-	268,437
Unallocated items:										
Investment securities at FVTPL										47,067
Investment securities at FVOCI										15,818
Others (net of eliminations)										177,159
Consolidated assets										7,713,348
Segment liabilities	460,423	284,626	205,998	40,937	183,701	35,222	732,997	225,223	-	2,169,127
Lease liabilities (Current & non-current)	138,919	26,264	15,166	1,676	35,405	18,131	122,412	2,590	-	360,563
Borrowings	519,853	-	99,741	-	253,910	-	800,718	-	-	1,674,222
									-	4,203,912
Unallocated items:										
Borrowings										648,306
Others (net of eliminations)										(38,716)
Consolidated liabilities										4,813,502
Net consolidated assets										2,899,846
Capital expenditure incurred during the year	22,304	4,090	272	529	1,495	897	5,285	2,253	-	37,125
Unallocated (net of eliminations)										180
Total capital expenditure										37,305
Depreciation and amortization	23,415	21,556	8,470	947	18,973	3,690	46,557	1,934	-	125,542
Amortization of ROU assets	2,762	2,336	437	144	992	1,131	6,508	134	-	14,444
Unallocated										(14)
Total depreciation and amortization										139,972

	31 March 2023(Restated)									
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Elimination	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000		RO '000
Segment revenues – airtime, data & subscriptions (Over time)	138,370	79,300	46,356	62,202	83,782	14,277	210,569	5,666	-	640,522
Segment revenues - trading income (Point in time)	24,761	28,598	2,509	1,026	641	3,984	31,261	577	-	93,357
Net profit before interest and tax	21,310	15,299	11,654	30,724	18,925	1,402	20,558	(3,905)	-	115,967
Interest income	819	834	250	1,144	135	83	2,361	69	-	5,695
Share of results of associate and joint venture	283	-	-	-	-	-	-	53	-	336
Investment income	622	-	-	-	-	-	-	-	-	622
Gain on sale and leaseback transaction	-	-	-	-	-	-	81,664	-	-	81,664
Finance costs	(10,475)	(229)	(3,807)	(307)	(7,945)	(238)	(17,741)	(58)	-	(40,800)
Income tax expenses	(2,242)	-	(2,228)	(2,491)	578	-	-	(32)	-	(6,415)
	10,317	15,904	5,869	29,070	11,693	1,247	86,842	(3,873)	-	157,069
Unallocated items:										
Investment income										858
Others (including unallocated income tax and finance costs net of elimination)										(24,742)
Profit for the year										133,185
Segment assets including allocated goodwill	1,721,432	935,692	612,196	155,784	982,678	130,724	3,180,914	293,163	(850,336)	7,162,247
ROU asset	79,344	11,704	11,702	3,933	24,406	15,861	82,432	2,060	-	231,442
Unallocated items:										
Investment securities at FVTPL										104,211
Investment securities at FVOCI										22,941
Others (net of eliminations)										286,554
Consolidated assets										7,807,395
Segment liabilities	459,223	246,076	202,159	102,191	195,924	39,642	1,060,659	157,900	-	2,463,774
Lease liabilities (Current & non-current)	119,911	20,722	14,313	2,091	33,424	15,876	124,372	1,834	-	332,543
Borrowings	513,570	-	98,532	-	294,101	-	555,753	-		1,461,956
	1,092,704	266,798	315,004	104,282	523,449	55,518	2,004,119	159,734		4,258,273
Unallocated items:										
Borrowings										664,539
Others (net of eliminations)										(84,738)
Consolidated liabilities										4,838,074
Net consolidated assets										2,969,321
Capital expenditure incurred during the year	16,723	3,801	234	20,132	8,236	344	3,829	5,365		58,664
Unallocated (net of eliminations)										520
Total capital expenditure										59,184
Depreciation and amortization	21,926	21,135	7,441	1,232	19,699	3,140	46,851	1,683		123,107
Amortization of ROU assets	1,944	1,963	439	248	139	1,030	4,103	111		9,977
Unallocated										(917)
Total depreciation and amortization										132,167

15. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

Transactions

	Three months ended 31 March (Unaudited)	
	2024	**2023**
	RO'000	**RO'000**
Revenue	**2,054**	6,078
Purchase of goods and services	**1,108**	5,304
Dividend income from associate	**1,615**	365

Key management compensation

	Three months ended 31 March (Unaudited)	
	2024	**2023**
	RO'000	**RO'000**
Salaries and other short term employee benefits	**759**	950
Post-employment benefits	**12**	5

Balances

	Unaudited	**Audited**
	31 March 2024	**31 December 2023**
	RO'000	**RO'000**
Trade receivables	**3,124**	6,648
Other receivables	**-**	10,515
Trade payables	**2**	4,421

16. Commitments and contingencies

	Unaudited	**Audited**
	31 March 2024	**31 December 2023**
	RO'000	**RO'000**
Capital commitments	**295,419**	152,237
Uncalled share capital of investee companies	**1,057**	451
Letters of guarantee and credit	**79,684**	77,263

Royalty in Sultanate of Oman

The Company during FY 2020 received a letter from TRA clarifying the applicability of royalty on certain categories of Wholesale revenue. While clarifying that these items are exempt from Royalty from year 2020, TRA has demanded to pay royalty on these revenues for the periods from 2013 to 2019. Based upon legal opinion and interpretation of the relevant provisions of the Parent Company's license terms, the management believes that the additional royalty amount is not payable.

Income taxes in Iraq

Atheer received an income tax claim of US$ 19.3 million (RO 7.40 million) from IGCT for the year 2011 on 9 March 2020. On 12 March 2020, Atheer submitted its objection to this additional income tax claim which was rejected by the IGCT on 15 March 2020. This additional tax claim is now under appeal procedures before the Appeals Committee of IGCT.

On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US$ 75 million (RO 28.77 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer's position is that the penalties are not assessed in line with license agreement with CMC and did not comply with existing regulations. On 9 October 2023, Atheer challenged the decision before the Appeals Board. Based on the report from its attorneys, Atheer believes that the prospects of this matter being resolved in Atheer's favor are good.

Atheer believes that it has adequate provisions to meet this liability, if it arises.

Pella - Jordan

Pella is a defendant in lawsuits amounting to RO 27.95 million (31 December 2023 – RO 27.86 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

SMTC

a. SMTC received withholding tax assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 252 million (RO 25.76 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. The SMTC believes that the outcome of those appeals will be in its favor with no material financial impact as the SMTC has sufficient provisions to cover these amounts.

b. In accordance with the Net Telecommunications Revenue Base Regulations for Licensed Service Providers (the regulation) as issued by Communications, Space and Technology Commission in KSA (CST), SMTC is required to submit quarterly Net Telecom Revenue forms (NTR forms) including NTR base.

   Due to absence of reasonable assurance report on the submitted NTR forms for the period ended 31 March 2023, during 3rd quarter of 2023, SMTC has received an invoice from CST amounting to SAR 266 million (RO 27.189 million) which was calculated based on the revenue as reported in the interim condensed consolidated financial information for the period ended 31 March 2023 instead of NTR base for the respective period which resulted in SAR 97 million (RO 9.91 million) being additional amount. The reasonable assurance report was subsequently submitted. Till the quarter ended 31 March 2024 the Group has adjusted SAR 89.2 million (RO 9.118 million) amount against above advance payments to CST.

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

17. Financial instruments

17.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the condensed consolidated statement of financial position are categorized as follows:

	Amortized costs	At fair value through profit or loss	Fair value through comprehensive income
	RO'000	**RO'000**	**RO '000**
31 March 2024 (Unaudited)			
Cash and bank balances	**298,054**	**-**	**-**
Bank balances held in customer account	**18,017**	**-**	**-**

Trade and other receivables	**1,162,961**	**-**	**-**
Contract assets	**201,291**	**-**	**-**
Investment securities	**1,000**	**78,879**	**15,818**
Other assets	**17,864**		
	1,699,187	**78,879**	**15,818**
31 December 2023 (Audited)			
Cash and bank balances	428,635	-	-
Bank balances held in customer account	15,975	-	-
Trade and other receivables	1,129,465	-	-
Contract assets	195,791	-	-
Investment securities	1,000	74,397	14,412
Other assets	17,649	-	-
	1,788,515	74,397	14,412

All financial liabilities are categorized as 'at amortized cost'.

17.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

31 March 2024 (Un audited)

	Level 1	**Level 2**	**Level 3**	**Total**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Financial assets at fair value:				
Investments at fair value through profit or loss	**6,171**	**31,129**	**41,579**	**78,879**
Investments at fair value through other comprehensive income	**2,824**	**3,624**	**9,370**	**15,818**
Derivative asset held for hedging	**-**	**7,880**	**-**	**7,880**
Total assets	**8,995**	**42,633**	**50,949**	**102,577**

31 December 2023 (Audited)

	Level 1	Level 2	Level 3	Total
	RO'000	RO'000	RO'000	RO'000
Financial assets at fair value:				
Investments at fair value through profit or loss	5,760	32,358	36,279	74,397
Investments at fair value through other comprehensive income	2,715	3,586	8,111	14,412
Derivative asset held for hedging	-	7,622	-	7,622
Total assets	8,475	42,566	44,390	96,431

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous year.

18. Hyperinflation – Zain South Sudan

Net monetary (loss)/ gain

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly, in previous years, the results, cash flows and financial position of the Group's subsidiary in South Sudan had been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting till 31 December 2023. Based on the IMF World Economic Outlook (WEO) report issued in October 2023, South Sudan is no longer a hyperinflationary economy from 31 December 2023. As a result, the Group seized application of IAS 29: Financial Reporting in Hyperinflationary Economies with effect from 1 January 2024.

19. Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
At 31 March 2024 (Un audited)	**RO'000**	**RO'000**	**RO'000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	**7,880**	**-**	**261,674**
At 31 December 2023 (Audited)			
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate			
Interest rate swaps (maturing after one year)	7,622	-	257,991

20. Effect of prior period restatement

During 2023, due to significant judgements and estimations involved in assessing transfer of control, for the treatment of sale and lease back transaction in SMTC (Zain KSA) with Golden Lattice Investment Company ("GLI"), the accounting of the transaction was revisited in the fourth quarter of 2023. This resulted in change of accounting treatment from previously recorded transactions, which were based on signing of Site transfer Agreement ("STA") in 1st quarter 2023 and 3rd quarter 2023 respectively. Pursuant to reassessment the Groups' management concluded that on 8 January 2023, i.e. on first batch transfer, Financial Completion date was triggered and all respective conditions as set out in Asset Purchase Agreement ("APA") and Mobile Tower Space use Agreement ("MTSA") were completed for all asset transfer. Consequently, the Group derecognized passive infrastructure of all the sites with corresponding realization of gain on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023. Additionally, and in accordance with the terms and conditions of the MTSA with GLI, the Group leased back the right to use specified spaces on each site recognizing the right of use assets and lease liability on the same. with a corresponding gain on consolidated statement of profit or loss and other comprehensive income. Accordingly, the previously reported amounts on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023 has been adjusted to reflect changes of reassessment.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related right of use assets and lease liability have been derecognized with any resulting gain or loss on termination recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. For all other cases, the related carrying amounts of right of use assets and lease liability have been retained but reassessed for their lease term with any resulting gain or loss on modification recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income.

A summary of the effect of the above restatements on the Condensed Consolidated Interim Financial Information is as follows:

Condensed interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2023	**As previously reported**	**Restatement**	**As restated**
	RO'000	**RO'000**	**RO '000**
Operating and administrative expenses	**(211,053)**	**(718)**	**(211,771)**
Depreciation and amortization	**(131,874)**	**(293)**	**(132,167)**
Other expenses	**(17,738)**	**1,424**	**(16,314)**
Gain on sale and lease back transaction*	**42,076**	**39,588**	**81,664**
Finance costs	**(46,862)**	**(736)**	**(47,598)**
Profit before income taxes	**101,362**	**39,265**	**140,627**
Profit for the period	**93,918**	**39,267**	**133,185**
Profit attributable to:			
Shareholders of the Company	**21,230**	**4,050**	**25,280**
Non-controlling interests	**72,688**	**35,217**	**107,905**
Earnings per share			
Basic and diluted – RO	**0.028**	**0.006**	**0.034**
Other comprehensive income	**(7,279)**	**(128)**	**(7,407)**
Total comprehensive income for the period	**86,639**	**39,139**	**125,778**
Total comprehensive income attributable to:			
Shareholders of the Company	**15,826**	**4,039**	**19,865**
Non-controlling interests	**70,813**	**35,100**	**105,913**

* During 2023 the amount was disclosed under "Profit from discontinued operations"

Condensed Consolidated Statement of Financial Position

As at 31 March 2023	**As previously reported**	**Restatement**	**As restated**
	RO'000	**RO'000**	**RO '000**
Intangible assets and goodwill	**3,356,144**	**(18,881)**	**3,337,263**
Assets of disposal group classified as held for sale	**219,891**	**(86,637)**	**133,254**
Right of use of assets	**233,030**	**152**	**233,182**
Property and equipment	**1,718,893**	**(100)**	**1,718,793**
Trade and other payables	**1,677,833**	**(156,295)**	**1,521,538**
Liabilities of disposal group classified as held for sale	**36,197**	**1,918**	**38,115**
Lease liabilities (non-current)	**284,311**	**9,600**	**293,911**
Retained earnings	**510,388**	**4,050**	**514,438**
Non-controlling interests	**2,320,311**	**35,100**	**2,355,411**

Condensed Consolidated Statement of Cash Flows

As at 31 March 2023	**As previously reported**	**Restatement**	**As restated**
	RO'000	**RO'000**	**RO '000**
Profit for the period before income taxes	**101,362**	**39,265**	**140,627**
Depreciation and amortization	**131,874**	**293**	**132,167**
Finance costs	**46,862**	**736**	**47,598**
Gain on sale and lease back transaction	**(42,076)**	**(39,588)**	**(81,664)**
Trade and other payables	**(372)**	**(708)**	**(1,080)**
Net cash from operating activities	**178,073**	**(45)**	**178,028**